

CIA INTERNAL USE ONLY

3 APR 1959

MEMORANDUM FOR: Deputy Comptroller

SUBJECT: Extraordinary Contractual Authority under PL 85-804
and Executive Order 10789

1. By memorandum to the Director of Logistics (Att'n Chief, Procurement Division) dated 19 December 1958 I raised the question which you had previously discussed with the Deputy General Counsel, as to whether or not this Agency should seek an Executive Order granting authorities as set forth in PL 85-804 analagous to those which previously existed under Title II of the First War Powers Act of 1941 (50 U.S. Code App. 611).

2. The following reply has been received:

26 March 1959

"Your memorandum of 19 December 1958 to the Director of Logistics has been reviewed and research conducted on the First War Powers Act of 1941. After discussing this in detail we are of the opinion that no substantial benefits of any kind are foreseen which would justify the issuance of a new Executive Order by the President to include CIA on the list of those agencies of the Government authorized to use the authorities of PL 85-804."

/s/ [redacted]
Deputy Ch. (Contracts)

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3. My own review of this matter leads me to believe that this is probably a correct position. During my assignment as Assistant General Counsel (Logistics) over the past two years, I know of only one instance in which the possible use of such authorities was raised by a contractor. An Agency possessing such authority thereby incurs problems which we avoid in our lack of such power - - particularly pressures by contractors and their Congressional representatives seeking the resolution of contractual problems by the exercise of such authority. Our authorities in connection with the use of unvouchered funds to resolve problems unique to the intelligence business are a partial substitute for this authority.

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4. In view of these considerations, I am inclined to suggest that no action to obtain this authority be commenced at the present time. I think we should keep the matter in mind as we review our procurement authorities and procedures from time to time, and it is possible that a decision against action at this time should be altered subsequently if other major alterations in our procurement authorities should hereafter be sought.



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Assistant General Counsel

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